

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6595

BILL NUMBER: SB 327

NOTE PREPARED: Jan 30, 2015

BILL AMENDED: Jan 29, 2015

SUBJECT: Charity Gaming.

FIRST AUTHOR: Sen. Leising

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill provides that the prize for a progressive bingo game may not exceed \$2,000. It provides that the total prizes for one pull tab, punchboard, or tip board game may not exceed \$10,000. (Current law provides that the total prizes may not exceed \$5,000.) It also provides that the prize limit for a game using a seal card is \$1,000 and a progressive or carryover pull tab game is \$5,000.

The bill requires that a qualified organization may pay for licensed supplies only with a check drawn on or by an electronic funds transfer from the qualified organization's gaming account. It provides that a licensed distributor may obtain licensed supplies to be used in charity gaming only from an entity licensed by the Indiana Gaming Commission (IGC) as a manufacturer or distributor or from certain qualified organizations.

The bill adds "bona fide state foundations" and "bona fide state organizations" to the list of qualified organizations that may receive an annual comprehensive charity gaming license. It reduces from three years to one year the amount of time that an Indiana affiliate of a qualified organization holding an annual comprehensive charity gaming license must be in existence in Indiana before it may conduct a raffle or door prize event.

Effective Date: July 1, 2015.

Explanation of State Expenditures: (Revised) The bill adds to the types of entities that could qualify for an annual comprehensive charity gaming license. It allows bona fide state organizations and bona fide state foundations, as defined by the bill, to conduct charity gaming events. The impact on the IGC of administering the potential new licensees is unknown. The other provisions in the bill could also increase the administrative workload for the IGC. However, any additional cost to the IGC due to this bill would be paid with revenue

from the charity gaming excise tax and the charity gaming license fee.

Explanation of State Revenues: *Charity Gaming Prizes:* Increasing the maximum allowable prize for some bingo, pull tab, punchboard, and tip board events could lead to increased participation and increased adjusted gross revenue earned by charity gaming organizations. This could increase revenues from charity gaming license fees. While the initial license fee is \$50, annual renewal fees range from \$50 to \$26,000 depending on the adjusted gross revenue earned by an organization on charity gaming in the prior year. Adjusted gross revenue is the gross revenue minus facility rent, up to \$200. Since the bill is effective July 1, 2015, any impact on licensee fee revenue could begin in FY 2016.

Licensed Supplies: The provisions in the bill related to obtaining and providing supplies for charity gaming purposes will not have any fiscal impact. Some of these provisions are codifying the existing IGC administrative rules.

(Revised) *Comprehensive License:* The bill allows certain state organizations and foundations to obtain a comprehensive charity gaming license. The bill also reduces the requirement for an Indiana affiliate of a comprehensive charity gaming licensee to have existed in Indiana before conducting raffles or door prize events. These two changes could potentially lead to an increase in charity gaming licenses being issued by the IGC. If charity gaming conducted by these additional licensees doesn't displace spending on charity gaming events held by other organizations, the changes in the bill could lead to a marginal increase in revenue from charity gaming license fees and the charity gaming excise tax.

Additional Information -

Charity Gaming Revenues: In FY 2014, the charity gaming license fee generated about \$3.8 M. Revenue from the license fee is distributed to the Charity Gaming Enforcement Fund. After (1) the costs of charity gaming administration are subtracted and (2) distributions are made to the License Control Division and the Gaming Control Division, revenue remaining in the fund is distributed quarterly to the Build Indiana Fund.

The bill makes the following changes related to charity gaming prizes.

- (1) Current law provides that the prize for any one bingo game may not exceed \$1,000. The bill allows the prize for a progressive bingo game, which is authorized in the bill, to be up to \$2,000.
- (2) Current law requires that a single winning prize in a pull tab, punchboard, or tip board game may not exceed \$599. The bill increases that limit to \$1,000 in a game using seal card, and \$5,000 in a progressive or carryover pull tab game, which is authorized by the bill.
- (3) Current law requires that the total prize awarded for one pull tab, punchboard, or tip board game may not exceed \$5,000. The bill increases that limit to \$10,000.

(Revised) *Comprehensive License:* Current law allows Indiana affiliates of certain national organizations or national foundations to apply for a comprehensive charity gaming license. Currently, a national organization or national foundation could obtain a single comprehensive license which would apply to all of its affiliates in Indiana. Under the comprehensive license, the Indiana affiliates could conduct bingo, charity game nights, raffles, door prize events, and festivals, and could sell pull tabs, punchboards, or tipboards at these events. The bill adds bona fide state organizations and bona fide state foundations to the list of entities qualified for a comprehensive charity gaming license.

(Revised) *Organizational Existence Requirement:* The bill reduces from three years to one year the requirement that an Indiana affiliate of a comprehensive charity gaming licensee be in existence in Indiana

to be allowed to conduct a raffle or door prize event. This change could increase the pool of Indiana organizations that could be qualified to conduct a raffle or door prize event. It is unknown how many additional organizations could, as a result, conduct such an event.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Gaming Commission.

Local Agencies Affected:

Information Sources: Indiana Administrative Code 21-2-4; *Charity Gaming Annual Report FY 2013*, Indiana Gaming Commission, <http://www.in.gov/igc/2479.htm> ; Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2011.

Fiscal Analyst: Randhir Jha, (317) 232-9556.